

Grand Opening Monday

Target Stores' Chief Tells Why Affluent Sites Chosen

56

By ROSALIE MCGINNIS
Why open a discount store in an affluent community? The concept was explained by the head of a big retailing chain

entering the Dallas market for the first time. Target Stores Inc., an interstate chain of quality discount department stores, is opening

two here—one in North Dallas and one in Garland.

William A. Hodder, president of Target Stores Inc., who was here Thursday to inspect the two stores which will have their grand opening Monday, said in an interview that two things influenced his company to choose "more affluent" communities for the new stores.

"Discount stores are the fastest growing segment of the retail industry because the spender is upgrading his standard of living and has less margin between his earning and his spending," he said.

"MORE FAMILIES want their spending dollars to go for leisure items instead of food and rent," he added.

"The average annual income of the average customer in the two new Dallas areas is from \$11,000 to \$12,000 plus.

"Theirs is the strata of living needing quality discount goods the most.

"Whole families go skiing now. At a discount store they can save enough to go skiing, and stay at a resort. They couldn't afford to do it trading at a regular store.

"The children take music lessons, they are involved in many school activities and they need more changes of better clothing more than they need shoes, socks and underwear," he said.

He said the term "discount store" was actually misnamed.

"That was a tag given to the industry when it still specialized in selling war surplus goods shortly after World War II. Out of that grew low margin retailing—which is a distribution system run as efficiently as possible and the economies are shared with the consumer through lower markup."

HE POINTED OUT that Target stores don't locate in "expensive downtown locations, have fewer employes through customer self-service and avoid credit."

"The credit is unnecessary because the stores don't stock major appliances, carpet or furniture," he said. "We have such things as small electric items, home furnishings, records, clothing lines and groceries."

Target, which is a subsidiary of the Dayton-Hudson Corp. of Minneapolis, where Hodder has his headquarters, plans to have three more stores operating in the Dallas area by the end of 1971.

The North Dallas store is located on 31 acres at LBJ Freeway and Montfort Drive. The Garland store occupies 20 acres at LBJ Freeway and Centerville Road.

Jack Fontaine, vice-president and southern zone manager, with offices in Dallas, said the company is spending more than \$5½ million on each store. Some 578 employes have been company-trained to staff the stores.

Each of the new stores contains 170,000 square feet with some 80 departments, exclusive of the supermarket section. They include fashions and shoe departments, sporting goods, toys, housewares, home furnishings, photographic equipment and supplies, health and beauty aids, jewelry, automotive supplies, hardware and pharmacy departments.

TARGET EXPECTS its retail sales in the Dallas area to garner \$65 million of the market within five years.

Fontaine said the stores will be heavily stocked with Dallas labels.

"In Duluth, when we get an order from Dallas, it's a hot number," he said.

Jules Hultgren, North Dallas store manager, said the New York buyer for the stores is asking for more Dallas merchandise. Labels being bought now include: Fame, Jeanie, Stockton Sports (regular and maternity) and probably Mr. Jack and Herman Marcus, he said.

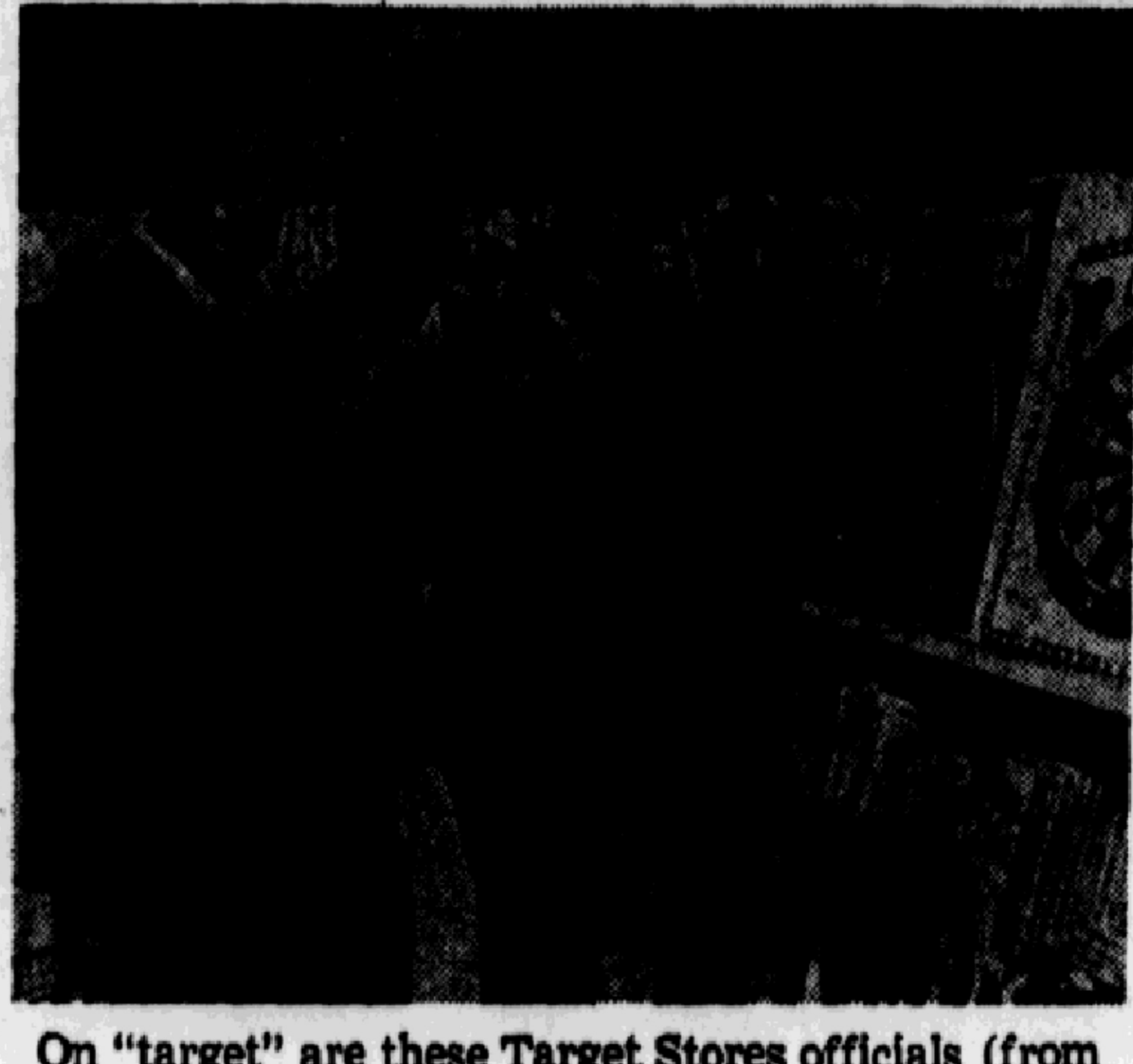
Robert Walters is the store manager at Garland.

Fontaine said the emphasis is on brand names at prices 8 to 10 per cent lower than traditional stores.

"THESE PRICES are possible because of our self-service, and computer controlled stocks, which permit the store to have a higher turnover," he said. "Three to four turns a year is the average for traditional stores," he noted. "Ours is five to eight turns a year. And some departments achieve 25 to 40 annually," he added.

He noted that a Duluth Target store sold from 80,000 to 100,000 prescriptions in one year, and similar sales are anticipated here.

Both stores will contain 6,000 square feet of space devoted to automobile needs, including electronic diagnostic equipment.



On "target" are these Target Stores officials (from left): William Hodder, Jules Hultgren, Bob Walters, Jack Fontaine.